

LEBANON THIS WEEK

In This Issue

Economic Indicators.....	1
Capital Markets.....	1
Lebanon in the News.....	2

IMF calls for deeper and faster structural reforms

Ministry of Energy signs power purchase agreements to build solar energy farms

Government approves draft budget for 2026

Port of Beirut ranks in 54th place globally, ninth regionally on container port performance index

Deposit withdrawals under Banque du Liban circulars at \$4.1bn at end-June 2025

Country risk level assessment maintained

Broadband Internet speed in Lebanon is 196th fastest globally, 15th fastest among Arab countries in 2024

Real GDP growth rate projected at 2.4% in 2025-26 period on rebound in tourism activity and receding geopolitical tensions

Launch of project to promote energy efficiency through home appliances

Ministry of Economy warns power generator owners to comply with government decisions

Corporate Highlights.....9

Ciments Blancs posts net income of LBP51.8bn in 2024

Bank Audi registers profits of LBP5,701bn in first half of 2025

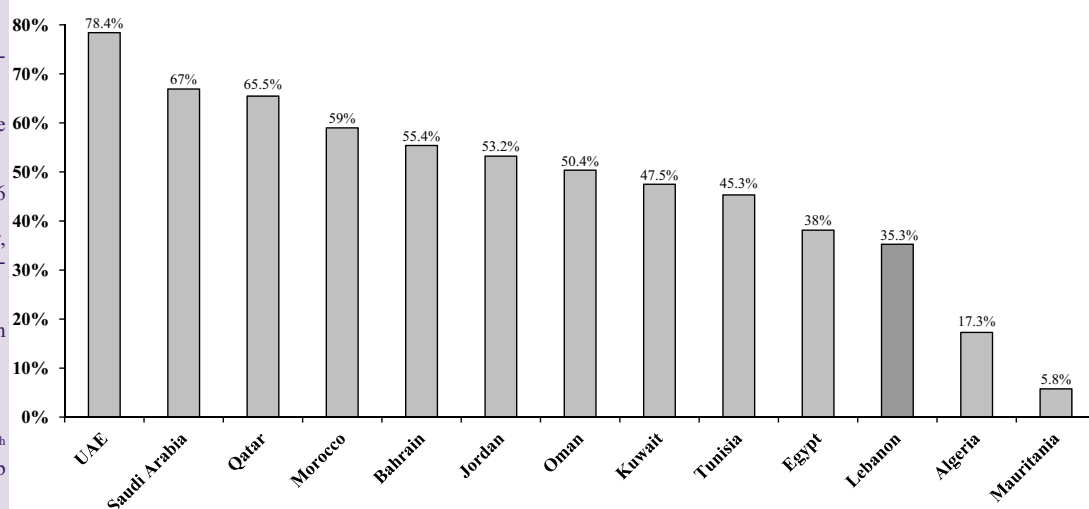
Ratio Highlights.....10

National Accounts, Prices and Exchange Rates10

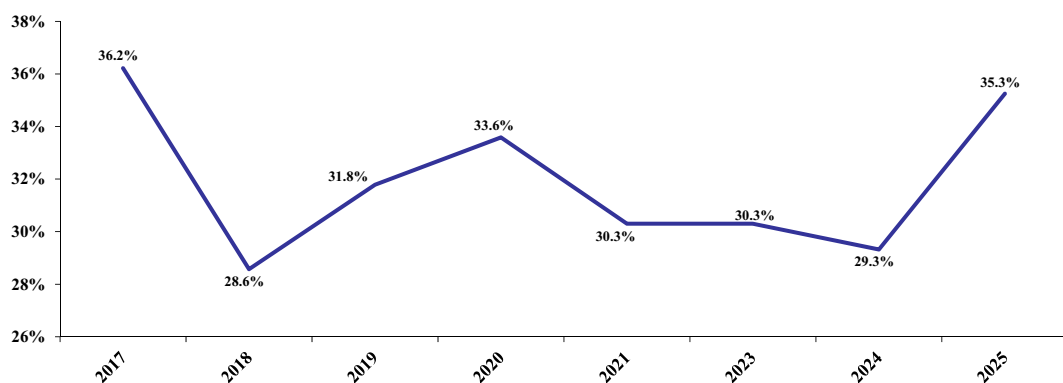
Ratings & Outlook.....10

Charts of the Week

Percentile Rankings of Select Arab Countries on the Global Innovation Index for 2025



Percentile Rankings of Lebanon on the Global Innovation Index*



*Lebanon was not included in the 2022 index

Source: INSEAD, Cornell University, WIPO, Byblos Bank

Quote to Note

"The risk exists of a decision not to pursue a program with the International Monetary Fund and to rely instead on potential peace dividends from political reforms."

Bank of America, on the considerations of some components of the political class in Lebanon about structural reforms

Number of the Week

\$19.7bn: Increase in the value of Banque du Liban's gold reserves between the end of 2019 and mid-September 2025

Lebanon in the News

\$m (unless otherwise mentioned)	2022	2023	2024	% Change*	Dec-23	Nov-24	Dec-24
Exports	3,492	2,995	2,707	-9.6%	240,037	177,565	212,165
Imports	19,053	17,524	16,902	-3.5%	1,302,640	1,306,294	1,185,226
Trade Balance	(15,562)	(14,529)	(14,195)	-2.3%	(1,062,603)	(1,128,729)	(973,061)
Balance of Payments	(3,197)	2,237	6,437	187.7%	591.3	(984.4)	(792.4)
Checks Cleared in LBP**	27,146	4,396	877	-80.0%	404	43	69
Checks Cleared in FC**	10,288	3,292	1,299	-60.5%	183	93	81
Total Checks Cleared**	37,434	7,688	2,176	-71.7%	587	136	150
Fiscal Deficit/Surplus	-	380.5	297.4	-21.8%	-	-	-
Primary Balance	-	-	-	-	-	-	-
Airport Passengers	6,360,564	7,103,349	5,624,402	-20.8%	481,470	151,073	379,910
Consumer Price Index	171.2	221.3	45.2	-79.6%	192.3	15.4	18.1
\$bn (unless otherwise mentioned)	Dec-23	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	% Change*
BdL FX Reserves	9.64	10.51	10.65	10.22	10.10	10.09	4.6%
In months of Imports	-	-	-	-	-	-	
Public Debt	-	-	-	-	-	-	
Bank Assets	115.25	104.56	103.88	103.40	103.02	102.76	-10.8%
Bank Deposits (Private Sector)	94.75	90.41	89.54	89.21	88.93	88.65	-6.4%
Bank Loans to Private Sector	8.32	6.59	6.04	6.07	5.99	5.65	-32.1%
Money Supply M2	6.72	1.25	1.23	1.22	1.22	1.46	-78.3%
Money Supply M3	77.75	70.69	69.88	69.64	69.39	69.26	-10.9%
LBP Lending Rate (%)	3.97	5.11	3.99	6.78	6.78	5.61	41.3%
LBP Deposit Rate (%)	0.55	0.86	0.93	2.34	1.17	3.58	550.9%
USD Lending Rate (%)	1.95	2.59	1.48	1.97	4.41	3.70	89.7%
USD Deposit Rate (%)	0.03	0.04	0.02	0.03	0.03	0.03	0.0%

*year-on-year

**checks figures do not include compensated checks in fresh currencies

Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

Capital Markets

Most Traded Stocks on BSE*	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
HOLCIM	72.00	(4.0)	61,061	6.7%	Nov 2026	6.60	22.13	183.54
Audi Listed	2.75	(5.2)	58,180	7.8%	Mar 2027	6.85	22.13	132.87
BLOM Listed	5.35	(31.0)	46,900	5.5%	Nov 2028	6.65	22.13	55.26
Byblos Common	0.73	(8.8)	42,832	2.0%	Feb 2030	6.65	22.13	37.35
Solidere "A"	86.25	8.7	27,822	41.3%	Apr 2031	7.00	22.13	29.05
BLOM GDR	7.20	2.9	18,500	2.5%	May 2033	8.20	22.13	20.78
Audi GDR	2.89	3.6	10,600	1.7%	May 2034	8.25	22.13	18.26
Solidere "B"	83.00	3.5	2,776	25.8%	Jul 2035	12.00	22.13	15.96
Byblos Pref. 08	25.00	0.0	-	0.2%	Nov 2035	7.05	22.13	15.52
Byblos Pref. 09	29.99	0.0	-	0.3%	Mar 2037	7.25	22.13	13.58

Source: Beirut Stock Exchange (BSE); *week-on-week

Source: Refinitiv

	Sep 22-26	Sep 15-19	% Change	August 2025	August 2024	% Change
Total shares traded	295,713	109,072	171.1	2,784,318	960,183	190
Total value traded	\$9,542,264	\$4,505,316	111.8	\$22,009,475	\$60,610,835	(63.7)
Market capitalization	\$20.87bn	\$20.68bn	7.8	\$19.64bn	\$19.24bn	2.1

Source: Beirut Stock Exchange (BSE)



IMF calls for deeper and faster structural reforms

In its concluding statement following a staff visit to Lebanon, the International Monetary Fund (IMF) indicated that the Lebanese economy has been resilient despite the significant impact of the regional conflict, and that a strong tourism season, driven by Lebanese expatriates, has supported a partial rebound in economic activity. It said that the Lebanese authorities have maintained a tight fiscal and monetary stance, which resulted in a small fiscal surplus and led to the increase in official foreign currency reserves. It added that the government has formed the long-awaited regulatory authorities for the electricity and telecommunications sectors, is rebuilding the Ministry of Finance's statistical capacity at the fiscal level, and is strengthening digital processes for tax compliance.

But it considered that restoring strong and sustainable growth requires the implementation of ambitious and comprehensive reforms to address the structural weaknesses that have been a longstanding obstacle to Lebanon's economic potential. It added that reforms are necessary to attract international funding to support the economy and to rebuild the war-affected areas.

In addition, it noted the progress of the authorities on addressing the challenges of the financial sector. It said that Parliament enacted recently the Bank Resolution Law, but it suggested amendments to the legislation in order to fully align it with international standards and to ensure an effective bank restructuring process. Also, it called on the authorities to continue working on developing a strategy to recognize and allocate losses in the financial system, and to restore the viability of the banking sector in line with international standards, the protection of small depositors, and the sustainability of the public debt.

In parallel, the IMF considered that the government should have had a more ambitious approach to the 2026 budget than the draft that the Council of Ministers recently approved. On the revenues side, it said the government included measures to broaden the tax base and improve tax compliance, but it noted the need for tax policy reforms to create fiscal space for priority spending on reconstruction and social protection. Also, it expressed concerns about the retraction of excise taxes on fuel and deemed that this decision compromises the ability of the government to finance its spending. Further, it noted that decisions on public expenditures need to be consistent with available financing, and encouraged the authorities to increase the transparency of expenditure items in the budget, including of externally financed entries. It also called for accelerating efforts to develop an ambitious medium-term fiscal framework, which is necessary to establish a credible strategy to restore fiscal and debt sustainability.

It added that it will continue discussions with the authorities on these issues, including during the upcoming IMF semi-annual meetings in Washington, DC, and reiterated its commitment to supporting Lebanon in its objective to develop and implement a comprehensive economic reforms program.

Ministry of Energy signs power purchase agreements to build solar energy farms

The Ministry of Energy and Water signed power purchase agreements (PPAs) with the Lebanese-owned and France-based container-shipping firm CMA CGM on September 23, 2025 after Merit Invest, a subsidiary of the CMA CGM Group, obtained three licenses to build solar energy farms. It said that the agreement constitutes a significant step towards enhancing the use of solar energy, increasing energy production, reducing costs, and limiting pollution. It noted that the ministry aims to focus on clean solar power and to build modern and large gas-fired power plants to help secure energy for Lebanese citizens.

Further, it pointed out that the three solar energy farms will be located in Mount Lebanon, the North, and the Bekaa, with a generating capacity of 15 megawatts of clean energy per farm. It added that the three plants will produce a total of 45 megawatts, which will be sufficient to cover the needs of more than 22,000 households, and will reduce emissions of carbon dioxide by more than 45,000 tons per year. It pointed out that the fixed price of electricity generated by solar energy is 5.7 cents per kilowatt-hour (kWh) in the Bekaa and 6.27 cents per kWh in the North and Mount Lebanon, which is much lower than the average production cost of the state-owned Electricité du Liban (EdL). It said that the plants will be connected to the national grid operated by EdL. Also, it noted that the project in North Lebanon is the most advanced, as the land has been secured and the ministry is working to select a contractor, while it is currently seeking suitable land plots for the other two projects in the Bekaa and Mount Lebanon.

Further, it considered that the project will have a positive impact on the Lebanese economy by contributing to reducing production costs and increasing power supply hours, in addition to creating dozens of job opportunities during the construction phase and to strengthening partnerships with municipalities. It noted that the project constitutes an important platform for education, research, and innovation in the field of renewable energy. Also, the ministry affirmed its commitment to fulfill all the preconditions required under the PPAs, with the goal of starting construction as soon as possible.

In parallel, it indicated that the Council of Ministers granted 11 licenses in May 2022 for the production of electricity from solar energy, each with a production capacity of 15 megawatts and an operational period of 25 years. It said that, last May, the ministry gave license holders until December 31, 2025 to meet the necessary requirements to begin building solar energy fields. In addition, it noted that it worked to form the Electricity Regulatory Authority, which has the authority to issue licenses for large-scale solar farms and to monitor their operations in accordance with the Electricity Sector Regulatory Law No. 462 of 2002.



Government approves draft budget for 2026

The Council of Ministers approved on September 22, 2025 the draft budget for 2026 and included some amendments to certain articles. The original draft budget projects public expenditures and revenues at LBP505,720bn each, or \$5.7bn each based on the prevailing exchange rate of the Lebanese pound of LBP89,500 per US dollar. The figures show a balanced budget and a primary surplus of LB25,931bn for the year. The Ministry of Finance did not provide the macroeconomic indicators and assumptions that it used in the draft budget, such as real GDP growth, the inflation rate and nominal GDP.

On the expenditures side, the draft budget estimates current spending at LBP449,562bn and capital outlays at LBP56,158bn, or 88.9% and 11.1%, respectively, of aggregate public expenditures. The distribution of current expenditures shows that wages, salaries, social benefits and allocations total LBP241,987bn and account for 53.8% of current spending, followed by transfers at LBP63,008bn (14%), spending on goods & services at LBP58,942bn (13.1%), emergency expenditures at LBP30,450bn (6.8%), and debt servicing at LBP25,931bn (5.8%), while other spending amounts to LBP29,193bn or 6.5% of current expenditures. Also, debt servicing includes LBP8,454.5bn, or 32.6% of the total, in interest on Lebanese pound-denominated Treasury bills and bonds, and LBP17,467bn, or 67.4% of the total, in outlays on external debt excluding sovereign Eurobonds.

On the revenues side, the draft budget projects tax revenues at LBP416,145bn and non-tax receipts at LBP89,575bn, or 82.3% and 17.7%, respectively, of total public revenues. In comparison, the 2025 draft budget projected tax revenues at LBP361,378bn and non-tax receipts at LBP83,836bn, or 81.2% and 18.8%, respectively, of total public revenues.

The ministry estimates that revenues from the excise tax on goods & services would generate LBP266,829bn or 64.1% of total tax receipts; followed by receipts from customs duties with LBP61,382bn (14.8%); the tax on income, profits & capital gains with LBP35,665bn (8.6%); and income from property taxes with LBP36,008bn (8.7%); while other taxes would generate the remaining LBP16,262bn, or 3.9% of aggregate tax receipts. Further, the distribution of projected non-tax revenues shows receipts from government properties and public institutions at LBP63,255bn or 70.6% of the total; followed by administrative fees with LBP24,508bn (27.4%); while penalties, expropriations and other non-tax receipts would generate the balance of LBP1,811bn, or 2% of total non-tax revenues.

The distribution of revenues from the excise tax on goods & services indicates that receipts from the value-added tax (VAT) would account for 77% of the total, followed by the excise tax on goods (10.6%), revenues from the Tobacco Régie (8.4%), departure fees from the Lebanese territory (3%), and fees on cars (1%). Further, the distribution of revenues from the tax on income, profits & capital gains shows that receipts from the tax on wages & salaries would account 56.6% of the total, followed by the tax on profits (33.4%), the tax on interest income (7.5%), and the capital gains tax (1.8%). In addition, the distribution of receipts from the property tax shows that revenues from property registration fees would account for 83.4% of the total, followed by the inheritance tax (8%) and the built property tax (7.8%).

Also, the distribution of non-tax revenues indicates that receipts from government properties and public institutions would account for 65.4% of the total, followed by administrative fees & revenues and sales (30.6%), and other non-tax receipts (3.7%). Further, the breakdown of revenues from government properties and public institutions shows that receipts from the telecommunications sector would account for 48.2% of non-tax receipts, followed by Casino du Liban (8.1%), the Port of Beirut (6.8%), the Beirut Rafic Hariri International Airport (3.8%), the National Lottery (2%), and receipts from the Directorate of Grains & Sugar Beet (1.6%). In addition, other non-tax receipts include LBP1,083bn in revenues from the settlement of seaside properties.

Port of Beirut ranks in 54th place globally, ninth regionally on container port performance index

The World Bank ranked the Port of Beirut in 54th place among 403 ports globally and in ninth place among 37 ports in the Middle East and North Africa (MENA) region on its Container Port Performance Index (CPPI) for 2024. In comparison, the Port of Beirut ranked in 73rd place among 405 ports worldwide on the 2023 index and in 320th place among 348 ports globally on the 2022 index. However, based on the updates according to the 2024 index, the Port of Beirut ranked in 67th place in 2023, in 307th place in 2022, in 333rd place in 2021, and in 46th place in 2020. The World Bank collaborated with S&P Global Market Intelligence to produce the index.

The index ranks 403 global container ports according to their efficiency, which is the time that a ship spends at a port from its arrival to its departure from the berth after completing its cargo exchange. The index aims to identify the gaps and opportunities at ports for stakeholders in global trade, including governments, shipping lines, port and terminal operators, logistics companies, and consumers. It includes in the survey ports that had a minimum of 24 valid port calls, where ships stop for supplies, repairs or the transshipment of cargo within the 12-month period of the study. The CPPI is composed of the Administrative Sub-Index and the Statistical Sub-Index. As such, the ranking of each port reflects the simple average scores of the two sub-indices. It said that the scores range from negative to positive, as a positive value for a port means that it is performing better than the average performance of all ports, while a negative value means it is performing worse than the average performance of ports. It added the score of a port becomes negative when a ship uses more time at the port than the average time of ships at all ports.

Globally, the Port of Beirut performed better than the Port of Halifax in Canada, the Port of Cochin in India, and the Port of Gemlik in Türkiye, while its performance trailed the Port of Keelung in Taiwan, the Port of Nagoya in Japan, and King Abdullah Port in Saudi Arabia. The Port of Beirut received a score of +57.5 points on the 2024 index compared to +58 points in the 2023 survey, -79 points on the 2022 index, -106 points in the 2021 survey, and +97 points on the 2020 index. Also, the Port of Beirut preceded the Port of Jubail in Saudi Arabia, Khalifa Port in the UAE, and the Port of Khalifa Bin Salman in Bahrain, while it trailed the Port of Aqaba in Jordan, the Port of Sohar in Oman, and King Abdullah Port among ports in the MENA region. In addition, the Port of Beirut performed better than the Port of Tripoli in Lebanon, the Port of Haifa in Israel, the Port of Marsaxlokk in Malta, the Port of El Dekheila in Egypt, the Port of Latakia in Syria, the Ports of Damietta and Alexandria in Egypt, the Port of Rades in Tunisia, the Port of Qasr Ahmed in Libya, the Ports of Casablanca and Agadir in Morocco, the Port of Khoms in Libya, the Port of Ashdod in Israel, and the Port of Bejaia in Algeria in the Mediterranean Basin.

Further, the Port of Beirut ranked in 51st place globally, up from 68th place on the 2023 index, and in eighth place among 37 ports in the MENA region, on the Administrative Sub-Index. This category measures the performance of a port relative to the average performance of all ports in terms of the number of calls and vessel size, and captures the arrival of vessels and berth hours at the ports. The Port of Beirut had a score of +84 points on the 2024 index, up from +62.1 points in the 2023 index. Globally, the Port of Beirut ranked ahead of the ports of Kobe in Japan, the Port of Cochin, and King Abdullah Port, and came behind the Port of Gdansk in Poland, the Port of Sohar, and the Port of Keelung on this category. Also, the Port of Beirut ranked ahead of King Abdullah Port, the Port of Jubail in Saudi Arabia, and Khalifa Port in the UAE, while it came behind the Port of Jeddah in Saudi Arabia, the Port of Aqaba, and the Port of Sohar in the MENA region. Moreover, the Port of Beirut performed better than the ports of Tripoli, Haifa, El Dekheila, Marsaxlokk, Latakia, Damietta, Rades, Alexandria, Qasr Ahmed, Casablanca, Agadir, Khoms, Ashdod, and Bejaia in the Mediterranean Basin.

In addition, the Port of Beirut ranked in 55th place globally, up from 81st place in the 2023 index, and in ninth place among 37 ports in the MENA region, on the Statistical Sub-Index. This category uses a statistical method to measure the average time container ships spend at a port during a port call, as well as examines a large data set and determines the impact of a series of measured variables on a hidden variable, such as efficiency that cannot be measured directly with a single variable. The Port of Beirut had a score of +31 points on the 2024 index, up from +23.8 points on the 2023 index. Globally, the Port of Beirut preceded the port of Halifax, the Port of Gemlik, and the Port of Cartagena in Colombia, and trailed the Port of Keelung, the Port of Qingdao in China, and the Port of Wilhelmshaven in Germany on this category. Also, the Port of Beirut preceded the Port of Beirut preceded the Port of Jubail, the Port of Khalifa Bin Salman, and Khalifa Port, while it came behind the Port of Aqaba, King Abdullah Port, and the Port of Sohar in the MENA region. Moreover, the Port of Beirut performed better than the ports of Tripoli, Haifa, Marsaxlokk, El Dekheila, Latakia, Damietta, Alexandria, Rades, Casablanca, Agadir, Qasr Ahmed, Khoms, Ashdod, and Bejaia in the Mediterranean Basin.

Deposit withdrawals under Banque du Liban circulars at \$4.1bn at end-June 2025

Banque du Liban's (BdL) macroeconomic review for the first half of 2025 indicated that the implementation of Basic Circular 158/13335 dated June 8, 2021 and of Basic Circular 166/13611 of February 2, 2024 have facilitated the partial repayments of previously frozen deposits in foreign currency, which resulted in cumulative deposit withdrawals of about \$4.1bn as at June 2025. It said that Basic Circular 158/13335 has disbursed \$3.72bn to over 320,000 depositors, with 48.2% of accounts fully settled and the remainder still receiving payments. It noted that all of the circular's beneficiaries with deposits of \$32,700 or less have fully recovered their savings. It added that Basic Circular 166/13611 has repaid \$398.8m to 174,933 depositors, with 18.3% of accounts fully reimbursed to date.

Further, it pointed out that the structured and phased repayment framework represents a significant policy instrument for BdL to begin the deposit recovery process amid the ongoing challenges that the financial sector has been facing. It said that the gradual release of funds provides modest support to household consumption, a key component of aggregate demand, which helps sustain economic activity amid ongoing challenges. It considered that the economic impact of these withdrawals is gradual and smoothing due to the monthly withdrawal limits, regulatory ceilings, and the \$50,000 repayment limit spread over five years that constrain disbursements. It said that the direct effect of the disbursements on aggregate demand and overall economic activity is limited and incremental, although these measures offer meaningful support to consumption.

BdL issued Intermediate Circular 736/13725 dated June 18, 2025 addressed to banks, which modified Basic Circular 158/13335 of June 8, 2021 about exceptional measures related to the gradual disbursement of deposits in foreign currency from accounts that clients opened prior to October 31, 2019.

It said that eligible depositors can withdraw from their "Special Sub-Account" \$800 in banknotes per month, up from \$500 per month, and/or they can transfer the sum abroad or deposit it in a "fresh dollar" account, and/or use the amount through payment cards in Lebanon and abroad, without incurring any commission or direct or indirect fees of any kind. It added that the client can withdraw a maximum of \$9,600 per year.

Further, BdL issued Intermediate Circular 737/13726 dated June 18, 2025 addressed to banks that modified Basic Circular 166/13611 of February 2, 2024 about exceptional measures related to the gradual disbursement of deposits in foreign currency from accounts that clients opened prior to June 30, 2023.

First, it said that eligible depositors can benefit from the terms of this circular for an amount that does not exceed \$8,500 in total based on the available funds in the client's account at the relevant bank. It added that the bank has to transfer to the client's "Special Sub-Account" up to \$8,500 in any foreign currency from the account that the customer identifies. It added that the client can transfer any of the eligible funds to the "Special Sub-Account" even if it exceeds the amount he/she can withdraw during the one-year cycle.

Second, it indicated that, if the account holder has multiple accounts at a specific bank, he/she must specify the account from where the funds will be transferred to the "Special Sub-Account". It added that if the client has a joint or collective account, he/she can use a maximum of \$8,500 annually from the account. It stated that, in case the co-owners of a joint or collective account decide to benefit from the circular, they have to agree among themselves how to share the cash withdrawals. It added that, in case a co-owner of a joint or collective account decides not to benefit from the circular, the other co-owners can benefit in full from the cash withdrawals. It stated that in case a client who has a joint account decides to benefit from the circular from his/her personal account, his/her partner can benefit from the joint account.

Third, it said that eligible depositors can withdraw from their "Special Sub-Account" \$400 in banknotes monthly, up from \$250 previously, and/or they can transfer the sum abroad or deposit it in a "fresh dollar" account, without incurring any commission or direct or indirect fees of any kind. It added that the client can withdraw a maximum of \$4,800 per year.

Country risk level assessment maintained

In its annual assessment of the country risk level in Lebanon, insurance Rating Agency AM Best maintained Lebanon in the Country Risk Tier 5 (CRT-5) category, the lowest segment on its scale of country risk classification. It said that the Country Risk Tiers (CRTs) reflect its assessment of economic, political, and financial system risks in a country, and range from CRT-1, or a Very Low Level of Country Risk, to CRT-5 or a Very High Level of Country Risk. In comparison, the agency placed Kuwait, Qatar, Saudi Arabia, and the UAE in the CRT-3 category; Bahrain, Jordan, Morocco, Oman, and Türkiye in the CRT-4 segment; and Algeria, Egypt, Iraq, Libya and Tunisia in the CRT-5 category.

It said that the International Monetary Fund (IMF) estimated that real GDP contracted by 7.5% in 2024, reflecting highly challenging operating environment. However, it added that the IMF estimated that the recent political developments will improve overall stability, and would present a potential turning point for the economy. It noted that the inflation rate declined sharply from 221.3% in 2023 to 45.2% in 2024, largely driven by the stabilization of the exchange rate.

It considered that the country has a "Very High" Political Risk level. It stated that Parliament elected in January 2025 the Commander-in-Chief of the Lebanese Armed Forces General Joseph Aoun as President of the Republic, which ended a two-year presidential vacancy. Also, it indicated that the president designated judge Nawaf Salam as Prime Minister, who formed a Cabinet that secured the Parliament's vote of confidence. But it considered that the executive branch faces formidable challenges, which include implementing economic reforms, restoring the State's authority on the entire Lebanese territory, upgrading the infrastructure, addressing security risks, and getting the country out of the sovereign default.

It noted that Lebanon's political system is based on a confessional power sharing agreement, the top posts in the country are distributed according to sectarian considerations, and that the election or appointment of government officials requires negotiations along sectarian lines, which contribute to political paralysis. It said that Lebanon ranked in 154th place out of 180 countries on Transparency International's latest Corruption Perception Index, and added that reform measures have been slow despite protests demanding greater accountability.

Further, it assessed the level of Economic Risk as "Very High". It noted that the country is experiencing one of the worst economic crises in its history and that, since 2019, a combination of financial collapse, COVID-19 shutdowns, the explosion at the Port of Beirut, and ongoing geopolitical tensions have fueled extreme political and economic uncertainties. It added that persistent government paralysis has stalled the implementation of critical economic reforms.

It noted pointed out that the country has been in default on its foreign currency debt since March 2020 when the government at the time decided to stop payments on its Eurobonds obligations. Further, it stated that the exchange rate of the Lebanese pound has depreciated sharply since late 2019. It said that the decline in foreign currency inflows triggered severe shortages of US dollars in the economy, and that the official exchange rate of the Lebanese pound has depreciated from LBP1,507.5 per US dollar in 2019 to around LBP89,600 per dollar currently.

Also, AM Best considered that Lebanon has a "Very High" level of Financial System Risk. It stated that the IMF considered that the lack of a credible and comprehensive banking sector restructuring continues to weigh on the economic recovery and on depositor confidence, which has contributed to the expansion of an informal, cash-based economy that is increasingly dollarized. The agency added that, since late 2019, Lebanese banks have imposed informal capital controls, have restricted deposit withdrawals and transfers, particularly in foreign currency, which has significantly eroded public confidence in the banking system and contributed to the broader financial crisis.



Broadband Internet speed in Lebanon is 196th fastest globally, 15th fastest among Arab countries in 2024

The most recent survey on Internet speed by Cable.co.uk, a price comparison site for telecommunications services, indicated that broadband Internet speed in Lebanon was the 196th fastest among 229 countries and territories around the world and the 15th fastest among 20 countries in the Arab region in 2024. In comparison, Lebanon came in 191st place globally and in 15th place regionally in the 2023 survey. Based on the same set of countries in the 2023 and 2024 surveys, Lebanon's global rank deteriorated by one spots, while its regional rank was unchanged year-on-year. Research group M-Lab collected the data for the survey and Cable.co.uk compiled the figures. M-Lab is led by teams based at the non-profit organization Code for Science and Society, New America's Open Technology Institute, Google, and Princeton University's Planet-Lab.

Globally, broadband Internet speed in Lebanon is faster than in Bangladesh, Zambia and Guinea among economies with a GDP of \$10bn or more, while it is slower than in Chad, Iraq, and Iran. The survey noted that it takes one hour, 10 minutes and 36 seconds to download a 5-giga-byte (GB) high-definition video in Lebanon. In comparison, it takes six minutes and 43 seconds to download a 5GB video in Qatar, the fastest rate among Arab countries; while it takes four hours, three minutes and 49 seconds to download such a video in Syria, the slowest rate in the Arab region.

Also, the survey shows that broadband Internet speed in Lebanon stands at 9.67 megabytes per second (mbps) in 2024, up from 6.55 mbps in 2023. But it is significantly below the simple average broadband Internet speed of 55.6 mbps worldwide and of 30.1 mbps in Arab countries. Further, the country's broadband Internet speed lags the Gulf Cooperation Council (GCC) countries' average of 70.4 mbps and the non-GCC Arab countries' average of 12.9 mbps.

Iceland has the fastest broadband Internet speed in the world at 279.55 mbps this year, as the time required to download a 5GB video in the country stood at two minutes and 27 seconds. In contrast, British Indian Ocean Territory has the slowest broadband Internet speed worldwide with a speed of 2.38 mbps, as it takes four hours, 46 minutes and 50 seconds to download a 5GB video in the country.

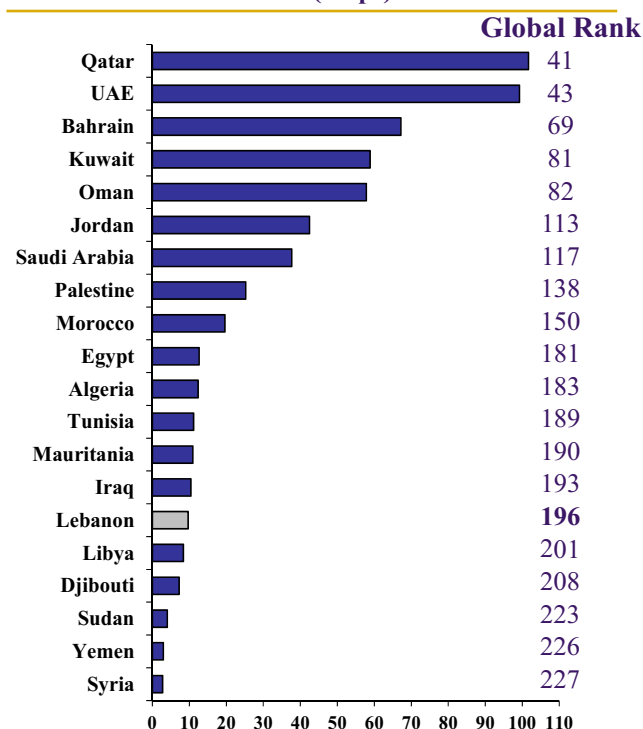
Real GDP growth rate projected at 2.4% in 2025-26 period on rebound in tourism activity and receding geopolitical tensions

The European Bank for Reconstruction and Development (EBRD) projected Lebanon's real GDP growth rate at 1.9% for 2025 and at 2.9% for 2026, unchanged from its May forecast, compared to a contraction of 7.5% in 2024. It attributed its growth estimate for this year to the gradual rebound in tourism activity and limited reconstruction efforts, and its forecast for 2026 to its expectation of a decline in geopolitical tensions and to progress on critical banking sector reforms, which would improve the prospects for an International Monetary Fund-supported program. It added that the contraction in 2024 was due to the Israeli war that led to the widespread displacement of individuals, significant damages to the country's infrastructure, and disruptions to agriculture, trade and tourism activity. In comparison, it forecast economic activity in the Southern and Eastern Mediterranean (SEM) countries, including Iraq, at 3.7% this year and at 3.2% next year, in SEM economies excluding Iraq at 4.1% in 2025 and 4% in 2026, and in the EBRD's member countries at 3.2% this year and 3.3% next year.

Also, it stated that improved revenue collection resulted in a fiscal surplus of 1.1% of GDP in 2024., and estimated the public debt level at 164% of GDP in 2024. However, it said that the government's financial resources are still limited and public expenditures continue to be significantly constrained. Further, it said that the inflation rate continues to decrease on the backdrop of a stabilized exchange rate, as it regressed from 221% in 2023 to 45.2% in 2024, and estimated that the unemployment rate in the country remained elevated. In addition, it noted that the current account deficit narrowed to 18.2% of GDP in 2024 despite lower tourism receipts, supported largely by the inflow of expatriates' remittances. In parallel, it pointed out risks to the outlook include regional instability, and considered that the resumption of international donor support will be a key condition for a robust economic recovery.

Established in 1991, the EBRD aims to support economies and promote the private sector in 40 economies across three continents, from the Southern and Eastern Mediterranean (SEMED), to Central and Eastern Europe, and to Central Asia. The bank's countries in the SEMED region consist of Egypt, Jordan, Lebanon, Morocco, Tunisia, and West Bank and Gaza. The bank has currently 76 shareholders that include 75 countries as well as the European Union and the European Investment Bank, and has invested in excess of €210bn in more than 7,500 projects. It said that it has invested more than €2.4bn in 50 projects in SEMED countries in 2024, with 85% of the funds targeting the private sector. The bank has €855m in cumulative pledges in Lebanon that include €718m in disbursements for 10 projects as at end-August 2025.

Broadband Internet Speed in Arab Countries in 2024 (mbps)



Source: Cable.co.uk, Byblos Research

Launch of project to promote energy efficiency through home appliances

The Lebanese Center for Energy Conservation (LCEC) and the Italian Embassy in Lebanon launched the Italian Energy Efficient Home Appliances (IEEHA) program that the Italian Ministry for the Environment and Energy Security is funding. The Italian Embassy said that the initiative aims to help Lebanese households choose high-efficiency appliances, reduce electricity bills, ease pressure on the grid, and lower emissions.

The LCEC indicated that the program's general objective is to assist the Lebanese government in achieving its environmental commitments by encouraging the use of Italian highly energy-efficient home appliances. It said that the project consists of the distribution of rebates to end-users, either directly or through local retailer shops, to encourage them to purchase highly energy-efficient appliances such as televisions, refrigerators, washing machines and air conditioners. It noted that the new financing mechanism targets end-users directly and aims to raise environmental awareness among the wider public.

Further, it pointed out that the program aims to bridge the cost difference for consumers between high efficiency appliances and standard appliances; increase energy savings and reduce carbon emissions; promote energy-efficient and environmentally-friendly Italian technology; transfer Italian know-how to local manufacturers and retailers; strengthen LCEC's capacity regarding energy labeling, which is a system of labeling appliances and equipment with standardized information about their energy efficiency; and enhance capacity in the energy efficiency sector while raising awareness among end-users and retailers about energy savings and their positive impact on climate change.

In December 2020, the LCEC signed a Memorandum of Understanding (MoU) with Abed Tahan, Aghasarkissian, Beytech and Khoury Home, four of the largest retailers of home appliances in Lebanon. It said at the time that the MoU aims to promote the usage of high energy-efficient home appliances, such as televisions, refrigerators, washing machines and air conditioners, through a cash-back system on the purchases of Italian energy-efficient home appliances. It added that the Italian Ministry for the Environment and Energy Security will support this initiative by providing technical and financial assistance. The LCEC noted that the MoU is the first step in a series of activities that seek to replace about 15,000 appliances across Lebanon with energy-efficient products. It said that this initiative is one of 26 initiatives under Lebanon's National Energy Efficiency Action Plan 2016-2020 (NEEAP 2016-20). The plan tackles energy efficiency in the generation, transmission and distribution of electricity, as well as energy saving measures in major industries, such as the construction, agricultural, transportation, industrial and public sectors.

Ministry of Economy warns power generator owners to comply with government decisions

The Ministry of Economy & Trade issued a memorandum on September 23, 2025 addressed to all private generator owners as a follow-up to the Council of Ministers' Circular No. 31/2025 dated August 12, 2025. The memorandum aims to make sure that the owners of generators adhere to the prevailing laws and regulations. It stipulates that the ministry will take strict actions and penalties against any violator after the expiration of the 45 days deadline that Circular 31/2025 set, such as issuing violation reports, seizing and confiscating generators, and referring their owners to the judiciary.

Further, it urged private generator owners to install electronic power meter readers for all subscribers, adhere to the official tariffs issued by the Ministry of Energy & Water, ensure continuity of supply to calculate electricity consumption, respect environmental standards, and cooperate in full with the supervisory bodies.

In addition, the ministry called on generator owners to ensure continuity of electricity supply to subscribers during power outages from the state-owned provider Electricité du Liban, and to refrain from any unjustified rationing or discrimination in supply. It stressed the importance to adhere to environmental standards, including the installation of filters and equipment that comply with the specifications issued by the Ministry of Environment, in order to protect public health and safety. It said that it will cooperate with the supervisory bodies affiliated with the ministry and the relevant security forces to carry out their tasks and enforce violations. As a result, it urged all generator owners to strictly comply with the provisions of this memorandum and added that non-compliance will trigger accountability lead the authorities to it will hold them accountable in case of non-compliance.

The Council of Ministers issued Circular 31/2025 dated August 12, 2025 about taking all the necessary legal measures and actions in order for the owners of private generators to fully abide by all related laws, decisions, and circulars in place. As such, it asked ministries and the public administration to, first, verify that all the owners of private electricity generators comply with all the related laws, decisions, and circulars in place, especially about abiding by the tariffs that the Ministry of Energy & Water issues, installing electronic power meter readers and filters that conform with the required specifications, submit declarations, and comply with environmental regulations. Second, it provided the generators' owners 45 days at most to comply with the Council of Ministers' decision, and added that those who do not comply will be subjected to legal proceedings, including imposing penalties, seizing or confiscating the generators when appropriate, and referring the owners to the judiciary. Third, it asked the concerned ministries and stakeholders to coordinate their work when necessary, according to the prevailing laws.

Ciments Blancs posts net income of LBP51.8bn in 2024

Société Libanaise des Ciments Blancs sal, an affiliate of Holcim (Liban) sal, declared audited net profits of LBP51.8bn in 2024 compared to a net income of LBP234.6bn in 2023, while profits before income tax stood at LBP62.4bn in 2024 relative to profits of LBP282.2bn in 2023. Also, the company generated sales of LBP487.3bn in 2024 relative to LBP511.2bn in 2023, and its cost of goods sold reached LBP378.6bn in 2024 compared to LBP285.6bn in 2023; resulting in gross profits of LBP108.7bn in 2024 relative to LBP225.5bn in 2023. As such, the firm's gross profit margin in Lebanese pounds decreased from 44.1% in 2023 to 22.3% in 2024. In addition, general and administrative expenses totaled LBP26.3bn in 2024 compared to LBP26.8bn in 2023. In addition, the firm's provisions for slow-moving and obsolete inventory reached LBP1.4bn in 2024 relative to LBP376.8m in the preceding year, while its net gain on foreign currency exchange rates stood at LBP4.4bn in 2024 relative to LBP110.1bn in 2023.

Further, the company's assets totaled LBP552.1bn at the end of 2024 relative to LBP525.6bn at end-2023, and its inventory stood at LBP296bn at end-2024 compared to LBP241.3bn a year earlier. Also, the firm's current ratio, which is a measure of the company's ability to meet its short-term obligations, was 2.4x at the end of 2024 compared to 2.1x at the end of 2023; while the company's balances at banks totaled LBP174.7bn at end-2024 relative to LBP76.8bn at end-2023. Moreover, Ciments Blancs' retained earnings reached LBP339.7bn at end-2024 relative to LBP288bn at end-2023.

In addition, the firm's total equity reached LBP314.7bn at the end of 2024 compared LBP297.5bn at the end of 2023, while its debt-to-equity ratio was 75.4% at the end of 2024 relative to 76.7% a year earlier. Ciments Blancs' share price closed at \$41.6 at the end of 2024, constituting an increase of 89.2% from \$22 at end-2023. The share price closed at \$35 on September 26, 2025.

In parallel, the firm's external auditors indicated that the company's accompanying financial statements, its financial performance and cash flows do not present fairly the financial position of the firm in accordance with International Financial Reporting Standards as at December 31, 2024, since the financial statements do not take into account the impact of hyperinflation on the revenues stream. It said that "the company did not use an appropriate exchange rate for the translation of foreign currency transactions and did not re-translate all monetary and assets and liabilities stated in foreign currencies at the appropriate exchange rate at the reporting date."

Bank Audi registers profits of LBP5,701bn in first half of 2025

Bank Audi sal, one of six listed banks on the Beirut Stock Exchange, declared unaudited consolidated net profits of LBP5,700.7bn in the first half of 2025 compared to audited profits of LBP1.1bn in the same period of 2024. The bank's net interest income reached LBP9,294.5bn in the first half of 2025, constituting a decrease of 7.4% from LBP10,035bn in the same period last year; while its net earnings from fees & commissions stood at LBP5,020.8bn in the covered period relative to LBP4,844.2bn in the first half of 2024. Further, the bank's gross operating income reached LBP22,120.2bn in the first half of 2025 compared to LBP22,950.1bn in the first half of 2024, while operating expenditures reached LBP15,839bn in the first half of 2025, down by 28.4% from LBP22,108.6bn in the same period last year, with personnel cost accounting for 30.3% of the total. Also, the bank's net operating income totaled LBP22,265.4bn in the first half of 2025 and regressed by 0.7% from LBP22,415.5bn in the same period of the preceding year.

In parallel, the bank's aggregate assets stood at LBP1,321.04 trillion at the end of June 2025, representing a decrease of 11.4% from LBP1,491.5bn at end-2024. Also, the bank's cash and balances with central banks stood at LBP865,751bn at end-June 2025 relative to LBP865,064.5bn at end-2024, while dues from banks and financial institutions reached LBP161,525.6bn at the end of June 2025 compared to LBP149,978.6bn at end-2024. Further, the bank's debt instruments and other similar financial assets at fair value through profits or losses stood at LBP26,260.8bn at end-June 2025 relative to LBP10,929.1bn at end-2024, and assets taken in settlement of debts reached LBP98,468m at the end of June 2025, unchanged from end-2024.

Further, customer deposits reached LBP1,136.8 trillion at end-June 2025 compared to LBP1,107.7bn at the end of 2024, while deposits from related parties stood at LBP2,241.5bn relative to LBP3,537.3bn at end-2024. In addition, dues to central banks reached LBP2,552.4bn at end-June 2025 compared to LBP2,824bn at end-2024, while the bank's provisions for risks and charges stood at LBP42,615.9bn at the end of June 2025 relative to LBP39,067.3bn at end-2024. Also, the bank's subordinated loans and similar debts totaled LBP10,528.2bn at end-June 2025 compared to LBP23,953.2bn at end-2024. Further, net loans & advances to customers reached LBP86,267.2bn at the end of June 2025 compared to LBP85,796.4bn at end-2024, while net loans & advances to related parties amounted to LBP205.6bn at end-June 2025 relative to LBP361.8bn at end-2024. In parallel, the bank's shareholders' equity was LBP93,712.2bn at the end of June 2025 compared to LBP85,449.8bn at end-2024.

Ratio Highlights

(in % unless specified)	2022e	2023e	2024e	Change*
Nominal GDP (\$bn)	24.9	24.3	32.8	8.5
Public Debt in Foreign Currency / GDP	246.6	177.3	134.5	(42.8)
Public Debt in Local Currency / GDP	13.5	4.3	2.3	(2.0)
Gross Public Debt / GDP	260.1	181.6	136.8	(44.8)
Trade Balance / GDP	(13.6)	(12.7)	(9.5)	3.2
Exports / Imports	24.9	24.3	28	(3.7)
Fiscal Revenues / GDP	5.5	12.9	12.5	(0.4)
Fiscal Expenditures / GDP	11.9	13.3	13.1	(0.2)
Fiscal Balance / GDP	(6.4)	(0.4)	(0.6)	(0.2)
Primary Balance / GDP	(5.4)	0.7	0.4	(0.3)
Gross Foreign Currency Reserves / M2	13.4	138.7	692.5	553.8
M3 / GDP	34.0	56.0	210.6	154.6
Commercial Banks Assets / GDP	37.8	83.0	312.7	229.7
Private Sector Deposits / GDP	28.1	68.3	269.6	201.3
Private Sector Loans / GDP	4.5	6.0	17.2	11.2
Private Sector Deposits Dollarization Rate	76.1	96.3	99.1	2.8
Private Sector Lending Dollarization Rate	50.7	90.9	97.7	6.8

*change in percentage points 24/23;

Source: Banque du Liban, Institute of International Finance, Byblos Research Estimates & Calculations

Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

National Accounts, Prices and Exchange Rates

	2022e	2023e	2024e
Nominal GDP (LBP trillion)	675.0	2,082.0	2,943.0
Nominal GDP (US\$ bn)	24.9	24.3	32.8
Real GDP growth, % change	1.3	-1.1	-7.0
Private consumption	2.5	-3.2	-14.9
Public consumption	2.5	2.0	14.6
Private fixed capital	-16.7	6.1	-30.6
Public fixed capital	93.0	27.7	105.1
Exports of goods and services	11.0	3.7	3.8
Imports of goods and services	22.3	20.8	22.0
Consumer prices, %, average	171.2	221.3	45.2
Official exchange rate, average, LBP/US\$	1,507.5	15,000	89,500
Parallel exchange rate, average, LBP/US\$	30,313	86,362	89,500
Weighted average exchange rate LBP/US\$	27,087	85,805	89,700

Source: Institute of International Finance

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Ratings	C	NP	Stable	C		Stable
Fitch Ratings*	RD	C	-	RD	RD	-
S&P Global Ratings	SD	SD	-	CCC	C	Stable

*Fitch withdrew the ratings on July 23, 2024

Source: Rating agencies

Banking Sector Ratings	Outlook
Moody's Ratings	Negative

Source: Moody's Ratings



Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut – Lebanon
Tel: (961) 1 338 100
Fax: (961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

Lebanon This Week is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from Lebanon This Week may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.

BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

NIGERIA

Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

BELGIUM

Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE

Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

ADIR INSURANCE

Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293

